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per cent the net wholesale price was less than 62½ per cent of the retail price. It might therefore be considered that in general the net wholesale price was approximately 62½ per cent of the retail price. The selling margin, then, early in 1915, was approximately 37½ per cent of the retail price.

When comparison is made between merchandising expense in 1914 and in 1919 it is observed at once that in 1919 every item of expense was lower than in 1914. In 1914 the total expense averaged $24.56 out of every $100 of net sales. In 1919 the average was $21.49.

AVERAGE EXPENSE PER $100 OF NET SALES FOR RENT, WAGES AND SALARIES, GENERAL EXPENSE, BUSHELING, ADVERTISING, TOTAL EXPENSE, 1919, 1918, 1914

Average	Rent	Wages and salaries	General expense	Busheling	Advertising	Total expense
1919	$2.20	$11.93	$5.16	$2.57	$1.98	$21.49
1918	2.89	13.14	5.85	2.77	2.04	23.69
1914	3.57	12.91	5.68	2.76	2.51	24.56

The mode for total expense in 1919 was between $15 and $20 per $100 of net sales. No figure is given for the most common experience for the total expense for 1914, but on the basis of the average figures for total expense and for each item of expense, it is clear that merchandising expense in 1919 was much less than in 1914 per $100 of net sales.

If we assume that the selling margin in 1914 was 37½ per cent and that the total expense was roughly 25 per cent on the average, the net profit was roughly 12½ per cent of net sales.

Selling margins during the year 1919 when prices were rising were undoubtedly fully as large as they were in 1914, yet much was said about the higher expenses of the retailers—rent, wages, general expense—as being at least in part the cause of higher prices. The figures of Professor Secrist, however, show distinctly that in every item of expense the proportionate cost of doing business was less in 1919 than it was in 1918 or in 1914. In fact, the cost of doing business in 1919 was less by 12½ per cent than it was in 1914. The effect upon net profits was undoubtedly even greater.

H. K. HERWITZ

Prices and Wages; An Investigation of the Dynamic Forces in Social Economics, by Percy Wallis and Albert Wallis. London: P. S. King and Son. 1921. 449 pp.

The authors have devoted this large book to an attempt to prove a single economic proposition, namely, that the average price of commodities is determined by the labor time involved in their production relative to the labor time involved in the production of gold in which their price is measured. This theory is an old one and is the chief part of the Marxian doctrine, but the present book attempts an advance in two important respects, first, in offering a new explanation of the means by which the employer abstracts from the price of goods the part which goes to capital and land; second, in the extent to which statistical data are relied upon for the confirmation of the theory. Both of these innovations are within the field of interest of the readers of this JOURNAL.

After an examination of the statistics of national income in the United States and England the authors conclude that 64 per cent of the total national income goes to labor. How do the employers manage to retain 36 per cent of the price of goods? The authors argue that the force which makes possible any subtraction for interest, capital, and employer's services is unemployment. If there were no unemployment the laborers would get it all; if all were unemployed the employers would get it all. If it be assumed that each percentage of unemployment gives an equal increase in the percentage of profit, it follows that the 64 per cent going to labor is the result of 36 per cent of unemployment. The statistics of unemployment do not admit, however, of the supposition that unemployment averages as much as 36 per cent, and the authors, therefore, reject the hypothesis that the division of the product is determined by a straight line between the points of no employment and no unemployment. From the available data they estimate that the average unemployment, allowing for part-time employment, in the United States and England is 12.5 per cent, and conclude that this amount of unemployment results in the division of product already indicated. A parabolic curve is drawn through this point (*i.e.*, 12.5 per cent unemployment and 64 per cent wages) and the points of origin, and it is contended that this curve gives the formula for the division of the product. It appears that if unemployment were 50 per cent, the employer would get 70.7 per cent of the product, but only, of course, 35.3 per cent of the possible maximum which would be produced if all were working. The employer would get the maximum in goods if unemployment were kept at 31 per cent, in which case he would get 38.4 per cent of the maximum product.

Is there any support for the view that the share going to labor fluctuates in such a manner as to conform in any degree to the curve here given, or even at all with unemployment? Certainly the figures for the distribution of national income are not available in the necessary serial form to compare with fluctuations in the unemployment rate. The authors do give some data as to changes in wages in certain English industries in periods of unemployment, which on the basis of the violent assumptions made bear some correspondence to the curve. It does not appear to have occurred to the authors that even a very marked relationship over a very limited part of the curve between unemployment and changes in the percentage going to labor and the employer would still leave the question open as to whether the present distribution is the result of unemployment. Against that hypothesis we have the outstanding fact that the percentage going to the laborer varies enormously from industry to industry. Certainly these variations bear no relationship to the amounts of unemployment in these industries.

If we turn now to the second attempted advance, namely, the proof by statistical data that labor time governs price, the outcome is equally disappointing. The authors have calculated for a number of commodities the "normal price" for a series of years, "normal price" being defined as the number of articles produced per person multiplied by the money price. According to the labor-time theory the normal price would remain the same if there were no changes in the cost of gold. The proof of the theory would, therefore, consist in showing (1) that changes in the normal prices of different commodities were consilient and (2) that these changes were in agreement with the changes in the per capita output of gold. The authors have been able to find only a few commodities for which the normal price can be calculated, since the number of persons employed, the market price, and the number of units produced are necessary for the calculation. But the normal prices of coal have been calculated for several European countries. The correspondence in the fluctuations of these normal prices is marked, and all the curves show a gradual rise from 1860 to 1910. The fluctuations in general correspond, as might be expected, with changes in the ordinary index numbers of prices. The general rise in the normal prices of coal, which the authors make much of as indicating that the fall in general prices during the forty years from 1860 to 1902 shown by the ordinary index numbers of prices is erroneous, was due to the facts that wages rose in all European countries and that the per capita production of coal did not increase in anything like the same degree as that of manufactured commodities. When the authors approach the second and crucial question of the correspondence of the normal prices of these commodities with the quantity of gold produced per person, they are occupied chiefly in offering explanations of the failure of the normal value of gold to agree with the normal price of other commodities.

An enormous amount of labor has gone to the making of this book, and it is an ungrateful duty for a reviewer to have to say that in his opinion it has been wholly wasted.

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Wealth and Income of the American People: A Survey of the Economic Consequences of the War, by Walter Renton Ingalls. York, Pa.: G. H. Merlin Company. 1922. xiv, 321 pp.

The main title of this book is likely to convey the idea that it parallels or duplicates the recent report of the National Bureau of Economic Research. That impression is erroneous. Though the author sometimes makes use of the material of the Bureau, his method and especially his purposes are different. In fact, the book contains a greater number and more general judgments and convictions than are quite appropriate for a statistical work. But the statistics used are, on the whole, dealt with critically and objectively. The author's economic opinions are less well considered, and indeed often appear to be hasty and cock-sure. Mr. Ingalls is an engineer.

The chapters of especial statistical interest are: II, "The Production of Commodities," 22 pages; III, "Wealth of the United States (the External Position)," 38 pages; and IV, "Wealth of the United States (the Internal Position)," 82 pages. The remaining chapters, though usually quantitative in thought, are